

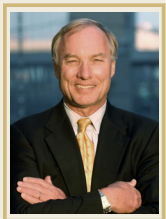


COMPTROLLER
of MARYLAND
Serving the People

From the Desk of the
Comptroller

Summer 2015

Peter Franchot, Comptroller
www.marylandtaxes.com



As Maryland families enjoy the last few weeks of summer break by lounging on the beaches in Ocean City, visiting tourist attractions in Baltimore, or heading

out to Western Maryland to enjoy recreational activities at Deep Creek Lake, it's also time to start thinking about returning to the classroom and getting ready with new clothes and shoes for school.

This year's Shop Maryland Tax-Free Week is set for Sunday, August 9, to Saturday, August 15. Qualifying clothing and footwear priced at \$100 or less is exempt from the state's 6 percent sales tax. I will be visiting retailers in Baltimore, Baltimore County, Annapolis, Queenstown, Bethesda and Waldorf to encourage shoppers to take advantage of this annual opportunity.

Tax-Free Week is a good deal for Maryland families who need to replenish back-to-school clothing and footwear for growing children as well as for any Marylander who needs to

replace old favorites with something fresh and new for the season.

During these tough economic times, having a break from the sales tax helps more Marylanders save their hard-earned dollars. Retailers also benefit with a boost in revenues.

When you are shopping, don't forget about the smaller shops whose owners are passionate about the small businesses they run, the special merchandise they offer, and also employ our family members, neighbors and friends.

To learn more about Shop Maryland Tax-Free Week, including a detailed list of eligible items, please visit my agency's website at www.marylandtaxes.com

Have fun and enjoy the rest of the summer while it lasts!

Peter Franchot
Comptroller of Maryland

Maryland Tax Amnesty Program: Sept. 1 – Oct. 30

Maryland Comptroller Peter Franchot wants delinquent taxpayers to know that they have from September 1 through October 30, 2015 to take advantage of Maryland's "Act Now, File Now" amnesty period.

The Tax Amnesty program, enacted by the 2015 General Assembly, gives delinquent taxpayers one final opportunity to pay their Maryland tax liability with only half of the interest owed. Tax Amnesty applications will be accepted beginning September 1, 2015.

(Continued on Page 5)



www.marylandtaxes.com

Revenue

New Tax Changes for 2015

The General Assembly passed the following changes affecting Maryland tax laws for 2015

INCOME TAX – Administrative

House Bill 72 –

Budget Reconciliation and Financing Act of 2015

The bill limits eligibility for the State and local earned income credit so that it may be claimed only by residents and part-year residents beginning with tax year 2015. The bill decreases the maximum amount of film production activity tax credits the Secretary of Business and Economic Development may issue in fiscal 2016 from \$7,500,000 to \$6,816,237. The bill requires the Comptroller to pay certain income tax refunds and interest due from the Local Reserve Account in a certain manner under certain circumstances. The bill requires local governments to reimburse a certain account for their share of certain refunds and interest. The bill requires the Comptroller to withhold certain amounts from certain local tax distributions in a certain manner under certain circumstances. The section affecting the State and local earned income credit will be applicable to all taxable years beginning after December 31, 2014. The film production activity tax credit took effect July 1, 2015. The provision regarding the Comptroller's payment of certain income tax refunds and interest; local government reimbursement; and the Comptroller's withholding of certain amounts from certain local tax distributions took effect June 1, 2015.

House Bill 485 –

Election Law - Fair Campaign Financing Fund - Income Tax

Check-off The bill establishes the Comptroller will include a check-off on the individual income tax return through which certain individuals may make a contribution to the Fair Campaign Financing Act. The check-off will be applicable to all taxable years beginning after December 31, 2014.

House Bill 871 - State Board of Individual Tax Preparers

– Expiration and Surrender of Registrations and Civil and Criminal

The bill authorizes the State Board of Individual Tax Preparers to impose a civil penalty of up to \$5,000 on a person who violates any provision of the Maryland Individual Tax Preparers Act. Unless the Board agrees to accept the surrender of registration, registration issued to individual tax preparers remains in effect and does not expire while the individual tax preparer is under investigation by the board or

awaiting a hearing or disposition on charges. Any person who violates the Maryland Individual Tax Preparers Act is guilty of a misdemeanor and subject to a maximum penalty of a \$500 fine and/or six months imprisonment. The bill takes effect October 1, 2015.

Senate Bill 868 - Public Utilities – Transportation Network Services and For-Hire Transportation

The bill establishes a regulatory framework for “transportation network services” that encompasses “transportation network companies” and “transportation network operators.” A “transportation network company” is a company that has been issued a permit by the commission and operates in the state using a digital network to connect passengers to transportation network operators or transportation network partners for transportation network services. “Transportation network services” are the activities of an operator, which include three periods: (Period 1) in which the operator is logged on and ready to accept a prearranged ride request made through a transportation network company’s digital network application; (Period 2) in which the operator accepts a ride request from a passenger that is prearranged through a transportation network company’s digital network application, and is traveling to a predetermined location to pick up the passenger; and (Period 3) in which the operator transports the passenger and continuing until the passenger departs the motor vehicle. The bill authorizes certain counties and/or certain jurisdictions to impose assessments, which are defined as charges imposed by a local jurisdiction on each transportation network service that includes a passenger trip during transportation network coverage period three by an operator. Except in an exempt jurisdiction, an assessment may not exceed 25 cents per trip. An exempt jurisdiction is a county or municipality that imposed a tax, fee, or charge on for-hire transportation services provided on a per-ride or per-passenger basis operated in that county or municipality on or before January 1, 2015.

Any county or municipality that imposes an assessment must notify the Comptroller of the amount of the assessment. The effective date of the imposition of assessments will be 120 days after the Comptroller receives notice. The Comptroller will distribute each quarter the amount necessary

to administer the assessments to an administrative cost account. This distribution can be up to 5% of the revenue from the assessments and other revenues. The Comptroller is required to distribute the remaining revenue to the county or municipality that is the source of the revenue, within 45 days of the end of each quarter. The bill took effect July 1, 2015.

INCOME TAX – Subtractions

Senate Bill 592 – Income Tax - Subtraction Modification - Military Retirement Income - Individuals at Least 65 Years Old

The bill increases the existing subtraction modification on certain military retirement income for individuals who are at least 65 years old. The maximum amount of retirement income that can be excluded from Maryland adjusted gross income for purposes of calculating Maryland income tax is increased from \$5,000 to \$10,000. To the extent included in federal adjusted gross income of a resident, the subtraction modification is: (i) if, on the last day of the taxable year, the individual is under the age 65 years, the first \$5,000 of military retirement income received by an individual during the taxable year; and (ii) if, on the last day of the taxable year the individual is at least 65 years old, the first \$10,000 of military retirement income received by an individual during the taxable year. The bill took effect July 1, 2015, and will be applicable to all taxable years beginning after December 31, 2014.

INCOME TAX – Credits

House Bill 473 – Tax Credits - Employment of Individuals With Disabilities

The bill increases the maximum value of the Qualifying Employees with Disabilities Tax Credit. Employers can claim a credit equal to 30% of the first \$9,000 of wages paid to the qualifying employee for each of the first two years of employment, and the maximum amount of eligible child care and transportation expenses that can be claimed in each of the first two years is increased to \$900. “Qualified employee with a disability” means an individual who (i) Meets the definition of an individual with a disability as defined by the Americans with Disabilities Act; (ii) Has a disability that presently constitutes an impediment to obtaining or maintaining employment or to transitioning from school to work; (iii) Is ready for employment; and (iii) Has been determined by the Division or the Department of Labor, Licensing, and Regulation, in consultation with the Division, as having met the criteria of a qualified employee with a disability established under Section 21-309 of the Education Article, Annotated Code of Maryland. The program is administered and the individuals are certified by the Department of Labor, Licensing, and Regulation. The bill took effect July 1, 2015, and will be applicable to all taxable years beginning after December 31, 2014.

Senate Bill 694 – Income Tax Credit – Oyster Shell Recycling

– Credit Amount The bill alters the amount an individual or a corporation may claim against the State income tax for each bushel of oyster shells recycled during the taxable year by increasing the amount from \$1 to \$5. Individuals or corporations claiming credit under the bill are required to provide verification of the amount of oyster shells recycled. The credit may not exceed the lesser of \$750 or the State income tax calculated before application of the credit allowed under this Act and §§ 10–701 and 10–701.1 of the Tax General Article. The Department of Natural Resources and the Comptroller jointly shall adopt regulations to carry out the provisions of the Act. The bill took effect July 1, 2015, and will be applicable to all taxable years beginning after December 31, 2014.

Senate Bill 905 – Income Tax – Film Production Activity


Tax Credit The bill repeals the termination date of the film production activity tax credit program, which was previously June 30, 2016. The bill specifies that the Secretary of the Department of Business and Economic Development may not issue tax credit certificates for credit amounts in the aggregate totaling more than: \$25,000,000 for fiscal year 2014; \$7,500,000 for fiscal year 2015; and \$7,500,00 for fiscal year 2016. The bill establishes the Maryland Film Production Activity Tax Credit Reserve Fund. The intent of the General Assembly is that the Governor includes an appropriation to the reserve fund in equal amount equal to the amount the Department of Business and Economic Development reports as necessary for fiscal year 2017 and each fiscal year thereafter. The bill took effect July 1, 2015, and will be applicable to all taxable years beginning after December 31, 2014.

ESTATE TAX

House Bill 828 – Maryland Estate Tax – Filing of Tax Returns

The bill alters requirements for filing estate tax returns so as to require them to be filed 9 months after the date of death of the decedent and with the Comptroller only. Estate tax returns should no longer be filed with the Register of Wills. The bill took effect July 1, 2015.

Senate Bill 178 – Maryland Estate Tax – Filing of Tax

Returns The bill prohibits the assessment of penalty for late payment of the Maryland estate tax if an alternative payment schedule is allowed by the Comptroller and the tax is paid in accordance with the alternative payment schedule. The prohibition only applies to estates that apply for an alternative payment schedule for payment of the Maryland estate tax on or after July 1, 2015, and receive approval by the Comptroller to pay the estate tax in accordance with an alternative payment schedule. The bill took effect July 1, 2015. 

Maryland Shoppers Get a Break during Shop Maryland Tax-Free Week, August 9-15

Comptroller Peter Franchot encourages consumers to Shop Maryland during the state's tax-free week that begins Sunday, August 9, and runs through Saturday, August 15. Any single, qualifying article of clothing or footwear priced \$100 or less – regardless of how many purchased – will be exempt from the state's 6 percent sales tax.

The graphic features a yellow background with various clothing items like shoes, boots, shirts, pants, and a jacket. Below the items, it says "Comptroller Peter Franchot Announces: Tax-Free Week! August 9-15, 2015 www.marylandtaxes.com". At the bottom, there is a photo of Peter Franchot, the Maryland Comptroller, and the text "No sales tax on qualifying clothing or footwear priced at \$100 or less! COMPTROLLER of MARYLAND Serving the People".

For a complete list of qualifying items visit www.marylandtaxes.com
Here are a few examples:

Tax-free Items:

- Shirts
- Slacks
- Jeans
- Dresses
- Robes
- Underwear
- Shoes
- Boots

Items not included:

- Jewelry
- Watches
- Handbags
- Scarves
- Belts
- Ties
- Headbands
- Handkerchiefs

"All hard-working Maryland moms and dads deserve this annual tax break as they get their children ready to return to school," Comptroller Peter Franchot said. "Each summer, this initiative helps not only Maryland families with children, but all consumers who may need to freshen up a tired wardrobe. The savings can really add up, while local shops, area malls and outlets get a boost in sales."

The Comptroller will be promoting the annual shopping event at various retail locations throughout the state to encourage shoppers to take advantage of the sales tax break on back-to-school clothes and shoes. He will visit shops and stores in Baltimore, Baltimore County, Annapolis, Queenstown, Bethesda and Waldorf.

"Back-to-school shopping is the second biggest shopping season for retailers," said Maryland Retailers Association spokesperson Tom Saquella. "Tax Free Week has become a welcomed opportunity for consumers to save on clothing and footwear as they prepare for the new school year, and for adults buying from the new fall clothing lines. Tax-Free Week is a wonderful gift provided every year to Maryland taxpayers and you can count on Maryland retailers doing their part with great sales and promotions."

Resulting from legislation passed in the 2007 special session of the Maryland General Assembly, a tax-free week will occur every year during the second week in August, until the legislature decides to revisit the issue. During this period, each qualifying article of clothing or footwear selling for \$100 or less is exempt from sales tax, regardless of how many items are purchased at the same time.

Businesses selling items that are not eligible for inclusion in the tax-free week can still participate in Shop Maryland. Under "Sellers Privilege," other unqualified merchandise can be sold tax-free but the retailer is responsible for paying the sales tax owed to the state.

For more information on qualifying items, visit the Comptroller of Maryland's website at www.marylandtaxes.com, e-mail taxhelp@comp.state.md.us or call 410-260-7980 in Central Maryland or toll-free at 1-800-MD-TAXES. ☛

Comptroller: “Act Now, File Now” Tax Amnesty Program Runs Sept. 1 – Oct. 30

“Tax Amnesty is a limited and rare opportunity for tax delinquents to do the right thing by settling any outstanding liabilities,” Comptroller Peter Franchot said. “The vast majority of businesses and individuals pay their Maryland taxes in full and on time. It’s important for all Marylanders to pay their taxes which support important public services that benefit everyone in our great state.”

The Tax Amnesty Program is expected to increase general fund revenues by \$18 million and local revenues by \$4.5 million in fiscal year 2016.

Taxpayers who failed to file a required return or pay a tax imposed on or before December 31, 2014, may file an application with the Comptroller requesting a waiver of all civil penalties (except for previously assessed fraud penalties) and one-half interest due. The waivers will be granted for all taxpayers who file their applications on time and meet the terms of the program.

The following taxes are eligible for amnesty:

- Personal income tax
- Fiduciary income tax
- Pass-through entity nonresident income tax
- Corporate income tax
- Employer withholding tax
- Sales and use tax
- Admissions and amusement tax

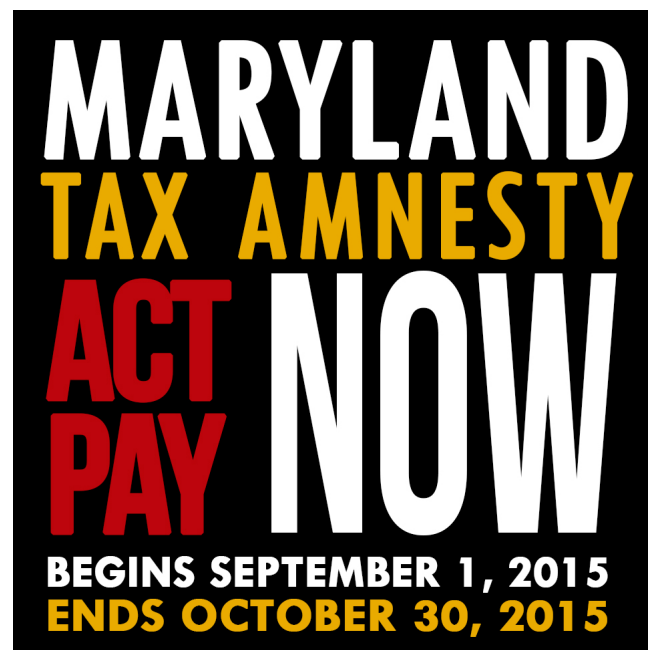
Taxpayers who submit an application may either pay their outstanding debts in full with their application or include 10 percent of the amnesty amount due with their application, and set up a payment plan before October 30, 2015. Taxpayers who choose the payment plan must complete the terms of the agreement on or before December 31, 2016. Payments made prior to September 1 are not eligible for the tax amnesty program.


During the amnesty period, a taxpayer may not be charged with a criminal tax offense arising out of any return filed and tax paid, so long as the taxpayer does not have any pending criminal charges in the state courts and is not currently under investigation by the Office of the Attorney General, the Office of the State Prosecutor and the Office of the State’s Attorney or any office with Constitutional

authority. Those who took advantage of two previous amnesty programs in 2001 and 2009 are not eligible for the new program.

Those who participated in the Delaware Holding Company settlement established by Chapter 577 of 2004 for tax periods prior to tax year 2003 also are not eligible.

An interactive tax amnesty calculator will also be available online to help taxpayers determine the amount of tax owed. Taxpayers with an outstanding liability will be able to determine their amnesty liability through the agency’s Amnesty BillPay application by using the notice number on bills up to six months old.



The Tax Amnesty application form and other online resources will be available by August 28, 2015. The amnesty application form will be accessible at www.marylandtaxes.com, or taxpayers will be able to request a form by calling 1-800-MDTAXES or 410-260-7980 from Central Maryland. Email requests may be sent to: amnesty@comp.state.md.us or by regular mail to: Maryland Tax Amnesty, Comptroller of Maryland, P.O. Box 2031, Annapolis, MD 21404-2031. For more information and a list of Frequently Asked Questions, visit www.marylandtaxes.com. 

Comptroller Presents Schaefer Award in 24 Jurisdictions

Comptroller Peter Franchot traveled throughout the state to congratulate all 24 recipients of this year's William Donald Schaefer Helping People Award.

"This year's group in particular demonstrated a tremendous amount of selflessness and dedication in giving back to their communities," Comptroller Franchot said. "The recipients all truly embody Governor Schaefer's legacy of public service. It was my pleasure to recognize the efforts of these amazing individuals and organizations."

The Comptroller created the award in 2012 to recognize individuals and organizations in each county and Baltimore City best exemplifying Schaefer's lifelong commitment to helping people. Each recipient was presented with the award by Comptroller Franchot during a special ceremony.

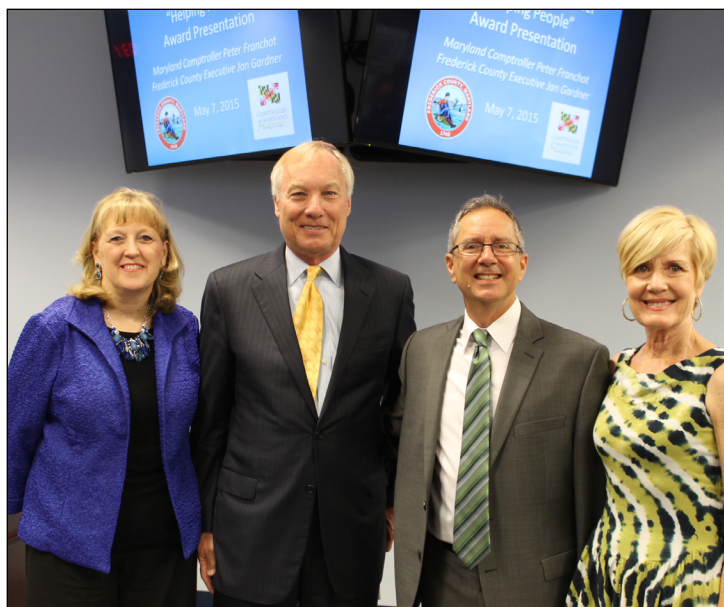


Comptroller Peter Franchot awarded Jerome Klasmeier with the William Donald Schaefer award for Anne Arundel County. Mr. Klasmeier is known nationally for his extensive knowledge of public contracting and procurement policy and has been credited with writing many of the Maryland's procurement processes. He served as Assistant Comptroller and liaison for the Board of Public Works for both Comptroller Franchot and Comptroller Schaefer. In addition to his more than 40 years of public service, Mr. Klasmeier has been held leadership roles in many local non-profit and charitable organizations.

Winners of The 2015

William Donald Schaefer Helping People Award

Tom Shaffer - Allegany County	Tabitha's House - Harford County
Jerome 'Jerry' W. Klasmeier - Anne Arundel County	The Little Things For Cancer - Howard County
Health Care for the Homeless - Baltimore City	Lani Seikaly - Kent County
Charles 'Choo' Smith Jr. - Baltimore County	Tamara C. Darvish - Montgomery County
Guffrie M. Smith Jr. - Calvert County	Melwood - Prince George's County
Frank M. Adams - Caroline County	Dan Tabler - Queen Anne's County
The Kahlert Foundation - Carroll County	Cedar Lane Senior Living Community - St. Mary's County
Elkton Police Department - Cecil County	Somerset County Long Term Recovery Committee - Somerset County
Western Charles County Community Association - Charles County	Alex Handy - Talbot County
Victoria L. Jackson-Stanley - Dorchester County	Loretta Mulcahey - Washington County
Ed and MaryLynn Hinde - Frederick County	Janet Dudley-Eshbach - Wicomico County
Phil Malone - Garrett County	Mike and Helen Wiley - Worcester County



Comptroller Franchot presented the Frederick County Schaefer Helping People Award to Ed and MaryLynn Hinde, founders of the Student Homelessness Initiative Partnership of Frederick County (SHIP). The non-profit organization provides clothing, food, emergency shelter, and extracurricular activities for homeless students. Pictured from left to right are: Frederick County Executive Jan Gardner, Comptroller Franchot, Ed and MaryLynn Hinde.

Comptroller Reports \$5.6 Million Rebate from State Purchasing Card Program

This past June, Comptroller Peter Franchot announced that the State of Maryland had received a \$5.6 million rebate from U.S. Bank.

The rebate is the result of 79 state agencies spending more than \$274 million on small purchases through Maryland's Corporate Purchasing Card program for the period of April 26, 2014, through April 25, 2015.

"Maryland's Corporate Purchasing Card program is an efficient and effective way for state agencies to make small purchases, to provide for better accountability and to allow vendors to receive payments in a timely manner," Comptroller Franchot said. "Taxpayers expect us to do everything we can to save them money and this is one way our office does that each and every day."

Under the program, the Comptroller's Office issues one payment each month to U.S. Bank for all card purchases



The State of Maryland first began using the VISA corporate purchasing card program in March 1997. Since then, the state has purchased \$3.5 billion worth of goods and services, while earning \$45.6 million in rebates.

services was approved by the Board of Public Works in 2013 with the new vendor U.S. Bank at a higher rebate percentage than the previous contract. 🏆

made during the previous month. Merchants are paid directly by VISA, usually within two business days of the purchase, which is much sooner than the typical 30-day payment cycle. U.S. Bank pays a rebate when the state reaches pre-set purchase volumes. This contract for Purchasing Card

Comptroller Names New Director of Revenue Administration Division

Comptroller Franchot named Wayne Green as the new director of the Revenue Administration Division (RAD). Green assumed responsibility for RAD on July 1. Green brings more than 30 years of financial auditing and management-related experience to the position. Most recently he served as director of the General Accounting Division where he oversaw the division's \$5.5 million budget and was responsible for preparing the state's yearly Comprehensive Annual Financial Report. Green previously served as RAD's assistant director.

"Wayne has done a truly exceptional job as the director of our General Accounting Division, having arrived there after a successful tenure in RAD," said Comptroller Franchot. "He is an effective manager who establishes high standards and expects successful results. Wayne will help RAD capitalize on opportunities to transform the quality of customer service while addressing those challenges that confront tax administration offices throughout the country."

The Comptroller named Sandra L. Zinck interim director of the General Accounting Division, effective July 1. Sandra joined the Comptroller's Office last year as deputy director. Zinck has more than 25 years of experience in all aspects of accounting operations. Prior to joining the Comptroller's Office, she was assistant controller for Ameritox LTD in Baltimore for five years and senior vice president at Mercantile Bankshares Corporation in Linthicum for 17 years. 🏆

Comptroller Franchot Receives Honor for Financial Reporting



For the 36th year, the Comptroller's Office has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The award is the highest form of recognition in the area of governmental accounting and financial reporting. Maryland Comptroller Peter Franchot is joined by Sandra L. Zinck, interim director of the General Accounting Division; Wayne Green, director of the Revenue Administration Division (RAD); and Deputy Comptroller David Roose.

Unclaimed Property Booths at Maryland Fairs and Festivals

Comptroller Peter Franchot remains committed to reuniting owners of abandoned bank accounts, insurance policies and safe deposit boxes with their money. Unclaimed Property booths will be at local fairs and festivals throughout the summer and fall. Attendees can search the unclaimed property database to find out if they are among the holders of more than one million unclaimed property accounts totaling more than \$1 billion.

Montgomery County Fair

August 14-22
16 Chestnut St.
Gaithersburg, MD

Maryland State Fair

August 28 to
September 7
Maryland State Fairgrounds
2200 York Road
Timonium, MD

Prince George's County Fair

September 10-13
Rosecroft Raceway
6336 Rosecroft Dr.
Fort Washington, MD

Anne Arundel County Fair

September 16-20
Route 178
1450 Generals Highway
Crownsville, MD

Great Frederick Fair

September 18-19
797 E. Patrick St.
Frederick, MD

50+ Expo

October 16
Wilde Lake High School
5460 Trumpeter Road
Columbia, MD

Senior Expo/

Baby Boomer Expo

October 28
and October 29
Maryland State Fairgrounds
2200 York Road
Timonium, MD



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